STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 6107

Tariff filing of Green Mountain Power Corporation	)
requesting a 12.9% rate increase, to take effect	)
June 22, 1998	)

PREFILED SURREBUTTAL TESTIMONY OF
WILBUR L. ROSS
ON BEHALF OF THE
VERMONT DEPARTMENT OF PUBLIC SERVICE

November 13, 2000

Summary: Mr. Ross's testimony recommends to the Board the approval of the Third Memorandum of Understanding ("MOU") from a the standpoint of Green Mountain Power's financial viability. With the approval of this MOU the company will be able to obtain the necessary financing for GMP and the ratepayers of Vermont benefit.

Prefiled Testimony
of
Wilbur L. Ross

Q. Please state your name and address?

A. My name is Wilbur L. Ross, Jr. My business address is 101 E. 52nd Street, 19th Floor, New York, New York, 10022.

Q. What is your occupation?

A. I am Chairman and Chief Executive Officer of W. L. Ross and Company, LLC.

Q. Did you testify previously in this docket?

A. Yes, I did. My testimony was prefiled in this docket on October 27, 1998. I testified before the Vermont Public Service Board on October 28, 1998.

Q. What is the purpose of this surrebuttal testimony?

A. The purpose of this testimony is to recommend to the Board the approval of the Third Memorandum of Understanding ("MOU") from a the standpoint of Green Mountain Power's financial viability. With the approval of this MOU the company will be able to obtain the necessary financing for GMP and the ratepayers of Vermont benefit.

Q. What has been your role in the development of the MOU?

A. I have reviewed the financial forecasts of the company. I have had discussions with a number of lenders, in some cases jointly with John Paton, the Green Mountain Power financial advisor. Based on those discussions, I am highly confident that Green Mountain Power can obtain a bridge loan for up to $30 million promptly after the agreement receives the requisite regulatory approval.

Q. Do you have an opinion regarding the future financing of GMP beyond the bridge loan that you mentioned above?

A. Based on the financial projections, I also am highly confident that after an approximately two year transitional period Green Mountain Power will regain access to the long term capital markets, provided that it achieves the forecasts and provided that the subsequent rate case achieves a resolution based on traditional utility rate making concepts rather than the temporary provisional ratemaking currently in place.

Q. In the MOU, GMP has agreed to certain restrictions on its dividend policy. Is that appropriate given the companies circumstances?

A. I believe that it is advisable for Green Mountain Power to limit its dividend to 55¢ per year per share for the next two years in order to build up its equity and to reduce its debt burden. Assuming that the company achieves its forecasts and assuming that traditional rate making concepts are employed in the next proceeding, Green Mountain Power's Board of Directors should consider an appropriate long-term policy for dividends. During the next two years, it is unlikely that Green Mountain will be issuing any common stock, especially in view of the current price of its shares.

Q. In forming your opinion as to GMP's financial financing viability and the benefit to ratepayers, what factors have you considered?

A. In reaching my conclusions, I have considered the fact that there will be a write-off of certain regulatory assets in the amount of $3.2 million pre-tax, covering the period through

September 30, 2000 and that there will be no return allowed until the end of two years on the Fourth Quarter, 2000 amount. Finally, I have considered the MOU provision that no return will be earned on the $4.8 million pre-tax cost of ice storm litigation or on the $800,000 pre-tax amount related to the disposal of GMP's Headquarters. It is my further assumption that any additional write-offs that may be occasioned by application of FASB principles will not totally exhaust retained earnings.

Q. Do you see other benefits of the Board approving the MOU?

A. These write-offs and disallowances of return will ultimately save rate payers approximately $7 million. I believe that the combination of the rate freeze and write-offs and non-return status of capitalized costs constitute a fair resolution of the issues at hand. This negotiated settlement is far preferable for the ratepayers of Vermont than enduring a contentious Chapter 11 proceeding and the uncertainties that such a bankruptcy would inevitably involve.

Q. Does this conclude your prefiled surrebuttal testimony?

A. Yes.